

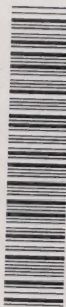
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national farmers union

In Union Is Strength

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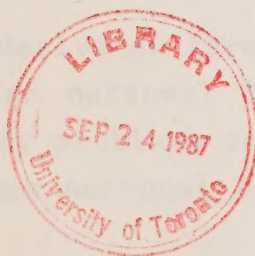
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National Farmers Union
Statement
to the
House of Commons Committee on the Constitution
on the subject of
The Constitutional Accord, 1987
presented

wa, Ontario

August 20, 1987



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The National Farmers Union some time ago expressed its interest in appearing before this Committee. We express our appreciation for having been invited to do so.

Our organization is unique in the fact that it is incorporated under a special act of Parliament assented to June 11, 1970 following passage by the Senate of Canada of Bill S-22 on March 12, 1970.

The Act to incorporate the National Farmers Union formally amalgamated into a single organization four provincial autonomous farm unions functioning in the provinces of British Columbia, Saskatchewan, Manitoba and Ontario. The Farmers Union of Alberta which also had been a member of the National Farmers Union Council, opted to reorganize as the present day Unifarm in December, 1969. A number of F.U.A. members chose to directly join the NFU immediately thereafter.

A primary consideration in the desire of farm union members to organize a direct membership, non-partisan national farm policy-making body was recognition of the fact that many problems confronting farmers could only be adequately addressed through national effort and government policy initiatives.

This logic was further extended to agree in principle that farmers from across Canada should meet as farmers in annual convention to agree upon national farm policy issues and also establish and harmonize basic policy guidelines and principles for policies of provincial jurisdiction and initiative. Provincial policy issues are further refined at annual meetings of members in each region in which we have membership.

The NFU is strongly of the view that in order to provide

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national perspective and equality in farm programs, strong federal policy initiatives are needed. We are concerned that increasingly federal farm policies are being eroded and blurred. This results in growing disparity between provinces in the availability to farmers of program to stabilize farm production and income. The Constitutional Accord may serve to further aggravate this situation.

The Agriculture Stabilization Act serves as an example of a declining national program. It was regarded as relatively progressive in 1958 and a considerable improvement over the Agriculture Prices Support Act which it replaced.

The A.S.A. was based on principles of:

a. Universality. All producers of named or designated commodities under the Act were considered eligible for stabilization payments when such were triggered by the pricing formula.

b. Producers who were dependent upon the vagaries of the marketplace for the pricing of their products could consider their coverage under the A.S.A. as a right.

c. National market prices weighted and averaged over the previous 5 years formed the basis for the stabilization triggering mechanism. All producers received the same level of payments.

d. Stabilization levels were intended to be non-incentive.

Point (a) and (b) could be considered as the Act's strengths and (c) and (d) its major weaknesses. Its weaknesses have led to its general erosion as some provinces increasingly acted unilaterally and designed programs which would sustain or encourage provincial production through the introduction of better insurance or stabilization programs. This in effect pitted the provincial treasuries against one another, leaving the economically weak in the backwash and distorting the concepts of "comparative advantage" in production patterns.

Recent federal efforts to introduce red meats tripartite stabilization through amendments to the A.S.A. has totally altered the concepts of farm product stabilization in these ways:

a) Participation by provinces and producers within participating provinces is voluntary rather than universal.

b) One hundred per cent federal funding no longer exists. The tripartite program is essentially an insurance rather than a stabilization program, since it requires premium payments from participating provinces and producers and is intended to be actuarially sound.

c) As a consequence, the principle of a truly national stabilization program for farm products is today practically non-existent. The major role of the A.S.A. is the support it provides to the National Dairy Program under which all industrial milk and cream producers in Canada have been supported since 1975 on the basis of \$6.03/hL.

This short review will demonstrate the degree of erosion that has taken place in a national policy initiative because its stabilization formula was inadequate. This in turn prompted some provinces to devise their own farm income and top-loading solutions. The federal government neglect in this regard has contributed toward growing balkanization of our farm policy and our country.

In the area of farm marketing, we have witnessed the past difficulty in organizing national marketing and supply management programs. Increasingly provincial producer marketing agencies may compete against one another in the export of like products, such as pork, when it would be to producer advantage to have a single-desk export agency which could avoid price cutting in order to capture provincial market share.

The Canadian Wheat Board serves as an example of such a selling agency. One can imagine the chaos which would exist if three provincial marketing agencies were attempting to compete with each other for wheat and barley sales in world markets.

Currently some producers, including those in the NFU, are desperately fighting the combined opposition of the processing and other business interests who have pricing and marketing power over potatoes in the need to establish a national potato marketing agency. Some provincial marketing agencies are major stumbling blocks to this initiative because their power would need to be transferred to a more powerful

marketing agency.

Earlier in this presentation we stated the NFU believes many problems confronting farmers can only be adequately addressed through national government policy initiatives.

The record to date, with few exceptions, has been rather dismal. Our fear is that the Constitutional Accord will cause the solving of national farm marketing problems to become even more difficult.

Marketing of farm products is a matter for provincial jurisdiction. We understand the Government of Canada would be required to provide reasonable compensation to the government of a province that chooses not to participate in new shared-cost programs in areas of exclusive provincial jurisdiction, but only if the province carries on a program or initiative compatible with "the national objective".

Such a provision could seriously impede the future structuring of national farm production marketing agencies and contribute still further to the balkanization of farm programs in Canada. This, in turn, can additionally contribute toward greater disparity between regions and producers.

The realization of uniform national standards in farm policy has been slipping away under already existing arrangements. We fear it will become more difficult following adoption of The Constitutional Accord if "unanimous consent", for example, would be required in future to structure national farm policy programs such as marketing agencies or if parallel provincial agencies operated in competition to national marketing agencies.

The loss of national perspective could also be further weakened if the setting of uniform standards for social programs is weakened.

Our organization is attempting to develop national farm policies and programs capable of delivering equity and justice. We see the need for a strong central government as a prerequisite. The Constitutional Accord, 1987, may be watering down national powers to the

point of ineffectiveness for the development of a national farm policy. We urge this Committee consider the implications.

We recognize the importance of harmonious federal-provincial relations, however, we believe caution must be observed in the annual conduct of First Ministers' Constitutional Conferences that the role of Parliament does not become one of rubber-stamping decisions on matters of national importance agreed upon by such conferences. This might be the case if the agenda for such conferences becomes too all-encompassing and thereby undermines the parliamentary process.

The need for Senate reform has been a matter of long-standing discussion. Two major weaknesses in the current Senate system are obvious in our view.

The first is the patronage system for appointment of senators which has been used over the decades to reward persons of long-standing loyalty to the governing party. Senators are accountable to no one but to the party to whom they hold allegiance.

The second is the fact that many senators are tied in closely to private sector business interests through directorships or as corporate shareholders. This essentially places them in a privileged position as publicly-paid lobbyists for private business interests. We believe this represents a serious conflict of interest.

Abolition of the Senate is an obvious solution, however, if it is to be retained, current objectionable features must be overcome in order to substantially alter its image and structure.

All of Which is Respectfully
Submitted by:

NATIONAL FARMERS UNION

